



GARWARE MARINE INDUSTRIES LIMITED

34TH ANNUAL REPORT 2011-12



GARWARE MARINE INDUSTRIES LIMITED

Founder of the Garware Group - Padma Bhushan late Dr. B. D. Garware

| | | |
|---|---|----------------------------|
| BOARD OF DIRECTORS | ASHOK B. GARWARE (Chairman) | M.A. (Cantab) |
| | ADITYA A. GARWARE (Vice-Chairman) | M.B.A. (U.S.A.) |
| | V. V. DESAI | B.Com., L.L.B., D.A.M. |
| | DR. B. M. SARAIYA | M.B.B.S. |
| | RAJIV S. KHANNA | B.Com., (Economics) |
| | S. V. ATRE (Executive Director) | B.Sc. ENGG., D.M.M. |
| COMPANY SECRETARY | Ms. P. S. NAMBIAR | B.Com, LL. B, A.C.S, PGDFM |
| BANKERS | IDBI Bank Ltd. United Bank of India Indian Overseas Bank | |
| AUDITORS | MESSRS. RAMAN S. SHAH & ASSOCIATES Chartered Accountants | |
| REGISTERED OFFICE | 302, Swapnabhoomi, 'A' Wing, S. K. Bole Road, Dadar (W.), Mumbai - 400 028 | |
| FACTORY | E-9/10, M.I.D.C. Industrial Area, Ahmednagar - 414 001 (Maharashtra) | |
| REGISTRAR & SHARE TRANSFER AGENT | Bigshare Services Pvt. Ltd. E-2/3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai - 400 072 | |

**34TH ANNUAL REPORT
2011-12**



NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of the Members of Garware Marine Industries Limited will be held on Friday, 28th December 2012 at 9.30 A.M., at "Garware Sabhagriha" F.P.H. Building, 5th Floor, Lala Lajpatrai Marg, Haji Ali, Mumbai – 400 034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June 2012 and Profit and Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon;
2. To appoint a Director in place of Dr. B. M. Saraiya, who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint a Director in place of Mr. R. S. Khanna, who retires by rotation and being eligible, offers himself for re-appointment;
4. To re-appoint Messrs. Raman S. Shah & Associates, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

By Order of the Board

Sd/-

**P. S. NAMBIAR
COMPANY SECRETARY**

Registered Office:

302, Swapnabhoomi,
'A' Wing, S.K. Bole Road,
Dadar-(W), Mumbai – 400 028

Date : 19th November 2012

Place : Mumbai

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY / (IES) TO ATTEND AND VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and Share Transfer books of the Company will remain closed from Friday, 21st December 2012 to Friday, 28th December 2012 (both days inclusive).
3. For the Convenience of Members, an attendance slip is annexed to the Proxy form. Members are requested to fill in and append their signatures at the space provided thereof and hand over the attendance slip at the entrance of the place of the Meeting. Proxy / Representative of a Member should mark on the attendance slip as 'Proxy' or 'Representative' as the case may be. Members are also requested not to bring with them any person, who is not a Member / Proxy.
4. Members are requested to notify the change in Bank details, address, if any, immediately, quoting their Client ID No. / Folio No., Number of Shares held, etc. to the Company's Share Transfer Agents, 'M/s Bigshare Services Pvt. Ltd.'.
5. Members holding shares in identical order of names in more than one folio(s) are requested to write to the Company's Registered Office and / or Share Transfer Agent, and send their Share Certificates to enable Consolidation of their holding into one Folio.
6. All enquiries and correspondence regarding Transfer/Transmission of Shares, Dematerialisation, etc. should be addressed to Registrars and Share Transfer Agents of the Company, M/s Bigshare Services Pvt. Ltd., E-2/3 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072.

Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement):

| | | |
|---|--|--|
| Name of Director | Dr. Bhupendra Maneklal Saraiya | Mr. Rajiv Shivkumar Khanna |
| Date of Birth | 08.06.1944 | 04.01.1972 |
| Nationality | Indian | Indian |
| Date of Appointment on Board | 18.10.2001 | 07.09.2009 |
| Qualifications | M.B.B.S | B.Com (Economics) |
| Expertise in Functional Area | Senior General Practitioner. He is also the Architect of Claim Processing in start-up of Third Party Insurance | Industrialist, Manufacturer of technical textiles supplied to mass transport organizations. He has vast experience of 16 years. Mr. Khanna is also actively involved in the field of Financial Investments |
| No. of Shares held in the Company (As on 30.09.2012) | 100 Equity Shares | NIL |
| List of Directorships held in other Companies | NIL | NIL |
| Chairman/Member of Committee of the Board of other Companies in which he is a Director | NIL | NIL |

REQUEST TO THE MEMBERS:

1. Members seeking any information on the Accounts at the Annual General Meeting are requested to write to the Company at least ten (10) working days in advance of the Annual General Meeting so as to enable the Company to keep the information ready. Only the information which could be furnished will be given to the Members.
2. Members are requested to bring their Copy of the Annual Report to the Meeting.

By Order of the Board

Sd/-

**P. S. NAMBIAR
COMPANY SECRETARY****Registered Office:**

302, Swapnabhoomi,
'A' Wing, S.K. Bole Road,
Dadar(W), Mumbai – 400 028

Date : 19th November 2012**Place** : Mumbai



DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 2012

TO
THE MEMBERS

1. FINANCIAL RESULTS :

| | (Rs. in Lacs) | |
|---|--|--|
| | Year ended 30 th June 12 | Year ended 30 th June 11 |
| Income from Operations (including Other Income) | 1144.57 | 1137.26 |
| Less: Expenses | 1062.21 | 1026.37 |
| Profit before Interest, Depreciation & Tax | 82.36 | 110.89 |
| Less: Interest & Finance Charges | 21.88 | 22.95 |
| Profit before Depreciation & Tax | 60.48 | 87.94 |
| Less: Depreciation & Amortization | 37.47 | 41.99 |
| Provision for Tax | 0.00 | 3.85 |
| Net Profit for the year | 23.01 | 42.10 |

2. DIVIDEND:

The Board of Directors has not recommended any dividend for the year 2011-12 in view of the extremely bad fishing season which has led to a drastic drop in the demand for the Company's product.

3. OPERATIONS:

During the year under review, the Company sold 265,401 MT of Fishing nets as against 285,220 MT in the previous year. Income from operations for the year under review was Rs. 1144.57 Lacs as against Rs. 1137.26 Lacs which was mainly due to an increase in the Selling Price of the Company's Product. However, the increase in Selling Price was not enough to offset the increase in the cost of raw material. In view of the substantial increase in raw material price (16%) and poor demand in certain areas, production decreased by approximately 18%. The Company also witnessed poor demand in certain markets during the year on account of unexpected & unusual weather changes, such as extended winter & delayed monsoon.

4. FUTURE OUTLOOK:

Though the Company has seen a slight improvement in demand, the market for the fishing nets is remains to be lackluster due to the extended monsoon and the fact that world fish population, according to reports, has reduced by 3% which has led to a reduction in fish catch. The Company does not anticipate a major increase in the demand for nets, unless there is a substantial improvement in the catch of fish.

5. RESPONSIBILITY STATEMENT:

The Directors confirm:

- a) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures (save and except as stated in the Directors' Report) have been made from the same;
- b) That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and the profit of the Company for that year ended as on 30th June 2012;

- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provision of the Companies Act 1956, for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That they have prepared the Annual Accounts on a going concern basis.

6. LISTING FEES TO STOCK EXCHANGE:

The Company has paid the Listing Fees for the year 2012-13 to the BSE Limited where the Shares of the Company are listed.

7. FIXED DEPOSITS:

During the period under review, the Company has not accepted any deposit from public and shareholders.

8. DIRECTORS:

Dr. B. M. Saraiya and Mr. R. S. Khanna, Directors, retire by rotation and being eligible, offer themselves for re-election. The members are requested to elect them.

9. AUDITORS & AUDITORS' REPORT:

You are requested to re-appoint Statutory Auditors, Messrs. Raman S. Shah & Associates, Chartered Accountants for the current year and to fix their remuneration.

The Company has obtained a Certificate from Auditors certifying that their re-appointment, if made at the ensuing Annual General Meeting shall be within the limits prescribed under Section 224 (1-B) of the Companies Act 1956.

With regard to Auditors' Report, the Notes to the Accounts are self explanatory.

10. PERSONNEL:

The relations with Employees continue to be cordial.

The Company did not have any Employee falling within the purview of Section 217(2A) of the Companies Act 1956.

11. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report and Corporate Governance Report along with the Auditors Statement of its compliance are given in a separate Annexure.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under Rule 2 of The Companies (Disclosure of particulars in the Report of Board of Directors), Rules, 1988, the particulars relating to conservation of Energy, Technology Absorption, Foreign Exchange Outgo / Earnings, etc. are given in Form A & B in Annexure 1 of the Report.

13. ACKNOWLEDGEMENT:

The Board wishes to record the dynamic role of the Officers of the Company.

On Behalf of the Board

Sd/-

ASHOK GARWARE
Chairman

Date : 19th November 2012

Place : Mumbai



ANNEXURE 1 TO DIRECTORS' REPORT

FORM – A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

| | | Current Year 01.07.2011 to 30.06.2012 | Previous Year 01.07.2010 to 30.06.2011 |
|--|-----------------------|--|--|
| A. POWER AND FUEL CONSUMPTION: | | | |
| FISH KNITTED FABRICS/TWINE | | | |
| Electricity | | | |
| (a) Purchased Units(in Kwh) | | 4,00,402 | 4,20,801 |
| Total Amount(Rs.) | | 27,66,191 | 25,73,106 |
| Rate Per Unit(Rs.) (Avg.) | | 6.91 | 6.11 |
| (b) Own Generation | | | |
| I) H.S.D. | | | |
| Purchased Units (in ltrs) | | 21,073 | 19,252 |
| Total Amount (Rs.) | | 9,31,670 | 7,91,432 |
| Cost per litre(Rs.)(Avg.) | | 44.21 | 41.11 |
| | Standard, (if any) | 01.07.2011 to 30.06.2012 | 01.07.2010 to 30.06.2011 |
| B. COST / CONSUMPTION PER UNIT (KG.) OF PRODUCTION: | | | |
| FISH KNITTED FABRICS | | | |
| Electricity (Rs.) | N.A. | 11.38 | 8.99 |
| H.S.D.(Rs.) | N.A. | 3.83 | 2.76 |

CONSERVATION OF ENERGY DURING THE YEAR UNDER REVIEW:

1. Wherever possible, energy conservation measures have been implemented. Further efforts to conserve and optimize the use of energy improved operational methods and other means continue;
2. Additional investment and proposals, if any, being implemented for reduction of consumption of energy : NIL;
3. Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods: Control of energy related costs will enable the Company to remain competitive.

FORM – B

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY

RESEARCH AND DEVELOPMENT (R&D):

1. Specific areas in which R & D carried out by the Company:

The Company has been carrying out applied research on an “on going basis” in processing / stretching of Nets, as a result of which the quality of the products has improved considerably.

2. Benefits derived as a result of the above R & D:

Improved acceptance of products in the Market within India.

3. Further plan of action:

The Company intends to pursue its policy of carrying out applied research on an “on going basis” and concentrate on areas where there is positive gain to the Company.

4. Expenditure on R & D:

Nominal amount was spent on R & D during the period.

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION:

1. Efforts in brief made towards Technology Absorption, Adaption and Innovation:

Not applicable

2. Benefits derived as a result of the above efforts:

Not applicable

3. Information regarding technology imported during the last 5 years reckoned from the beginning of the financial year:

Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total foreign exchange earned - NIL

Total foreign exchange used - NIL

On Behalf of the Board

Sd/-

ASHOK GARWARE
Chairman

Date : 19th November 2012

Place : Mumbai



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC SCENARIO IN FY 2011-12:

The pace at which the Country has grown has declined over the past few years. Economic growth rate stood at around 6.5% for the 2011–12 fiscal year. The slowdown is marked by a sharp drop in investment growth resulting from political uncertainties, a tightening of macroeconomic policies aimed at addressing a high fiscal deficit and high inflation (going well beyond food and fuel prices), and from renewed concerns about the European and US economies. Although the Government was quite successful in cushioning the impact of the global financial crisis on India, it is now clear that a number of MDG (Millennium Development Goals) targets will only be met under the Twelfth Five Year Plan (2012–17).

India is the second largest fish producer in the world after China and accounts for nearly six per cent of global fish production. Growing at a compound annual growth rate (CAGR) of about 7 per cent, India's marine and fish industry is likely to reach Rs. 678 bio by 2015 from the current level of nearly Rs. 530 bio, apex industry body ASSOCHAM reports.

Year 2011-12 has been good for the Indian seafood export industry aided by a falling rupee and surging unit value realisations. While total value realisations increased almost 25 per cent, the volume of exports was up at 2-3 per cent.

INDUSTRIAL STRUCTURE & DEVELOPMENT:

As you know your Company mainly caters to Fishing Industry situated along the coastline of India. The Company manufactures Fishing Nets in various sizes and is one of the few Net Makers in the organized sector. Its products are sold under the "GARWARE" brand and are a preferred choice of most fishermen.

The fisheries sector contributes significantly to the national economy while providing livelihood to approximately 14.49 million people in the country. It has been recognized as a powerful income and employment generator as it stimulates growth of a number of subsidiary industries and is a source of cheap and nutritious food besides being a source of foreign exchange earner. Most importantly, it is the source of livelihood for a large section of economically backward population of the country.

However, in the past year, even though there has been a substantial jump in the export of sea-food in terms of value, the quantity has not increased much. This can be attributed to an overall reduction in fish catch along the Indian coastline. This has adversely affected the demand for the Company's product, thereby leading to the fall in production & sales.

OPPORTUNITIES:

The European Union continued to be the largest market with a share of 23.82 per cent followed by the US, South-East Asia, Japan, China and West Asia. What was noteworthy was the fact that the US has regained the second slot among export destinations. South-East Asia usurping the third place was also significant, mainly at the cost of Japan.

A global shortage of vannamei shrimp may prove advantageous for India as it awaits the second harvest from the farms. Seafood exporters are expecting higher prices for vannamei in the coming weeks from China and the Southeast Asia

Development of marine fisheries sector is taken up with a focus on sustainability through empowering the traditional sector, enhancement of sea safety, rational exploitation of untapped deep-sea resources etc. for achieving employment generation, social security of fishermen, increased food security and augmenting sea food exports. Various on-going schemes in the said direction are:

- (i) Development of Inland Fisheries and Aquaculture
- (ii) Development of Marine Fisheries, Infrastructure and Post Harvest Operations
- (iii) National Scheme of Welfare of Fishermen
- (iv) Strengthening of Database and Geographical Information System of the Fisheries Sector
- (v) Assistance to Fisheries Institutes
- (vi) National Fisheries Development Board
- (vii) Issuance of Biometric Identity cards to Coastal Fishermen.

About 8.71 lakh hectare water area brought under scientific fresh water and brackish water fish farming, 14.17 lakh fish farmers/fishermen benefited in improved practices and benefited till 2011-12 under 'Development of Freshwater Aquaculture'.

Also, increasing share of Indian Manufacturers in the Global market place and awareness of the benefits of using technical expertise in manufacturing and marketing process presents a big opportunity for the Company.

Further, with the installation of the new machines, the Company has been able to cater to a wider market, thereby improving price realization in sales.

In addition, the Company's repair division continues to do well.

THREATS:

Fisheries are a State subject and as such the primary responsibility for its development rests with the State Governments. The major thrust in fisheries development has been on optimizing production and productivity, augmenting export of marine products, generating employment and improving welfare of fishermen and their socioeconomic status.

The main threat that the Company faces is from the unorganized sector and the increasing presence of Chinese Fishing Nets at very competitive prices, but which are relatively inferior. In addition "overfishing"-which is a common phenomenon threatens the quantum of fish catch in the future, which in turn would adversely affect the demand for the Company's nets.

Indian marine fisheries faces frequent fluctuations as cyclic and climatological effects influence the pelagic stocks. All the coastal federal states have enacted their Marine Fishing Regulation Act with jurisdiction over their territorial waters. Management measures such as closed seasons, delimitation of fishing zones for different categories of fishing craft etc. are implemented for ensuring sustainability. Unfortunately the last twelve months have been one of the worst fishing scenarios of the past several years.

OUTLOOK:

Conservation of aquatic resources and genetic bio-diversity is another thrust area for the next millennium. As long as "Overfishing" is controlled, there will be a continuous sustained catch of fish and a sustained demand for nets.

With an increase in fish product trade in Middle East and South Asian countries and expected increase in exports in the current Fiscal Year, demand for Company's product is likely to increase, thereby adding to the turnover of the Company subject to the weather being stable/ absence of overfishing. Unfortunately, the extended monsoon, almost every year, seems to have an adverse impact on demand for fishing nets.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:

Your Company has an Internal Control System commensurate with the business of the Company to mitigate various types of risks effectively.

FINANCIAL & OPERATIONAL PERFORMANCE:

- i) Operating Profit to Turnover ratio : 7.42 %
- ii) Cash Profit to Turnover ratio : 5.45 %
- iii) Current Assets to Current Liabilities ratio : 2.12 : 1

In spite of adverse market conditions our realization has improved though sales gone down to 265 tons as compared to 286 tons during the year 2010-11.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT:

Cordial relations are maintained at all the levels, including the Union. Strong alignment of all people at all levels with organizational mission & values and constant communication of challenges, opportunities & processes for daily management, has helped build a strong team which is geared to perform continuously.

However, your Company continues to try to improve productivity per work force member and aims at 'streamlining' operations at the plant.

FORWARD-LOOKING STATEMENTS:

Statements in this Management Discussion and Analysis report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company's actual results could differ materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Further, important factors that could make a difference to the Company's operations which among others include demand & supply of raw materials, changes in prices of raw materials; tax regimes; and acts of God.



REPORT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS:

The Board of Company comprises of Six (6) Professionally Well-Qualified Members. Mr. Ashok B. Garware is the Chairman; Mr. Aditya A. Garware is the Vice Chairman and Mr. S.V. Atre is the Executive Director of the Company.

During the financial year under review, 4 Board Meetings were held as detailed below and the maximum time gap between two Board Meetings did not exceed 4 months:

| Sr. No. | Date of Board Meetings |
|---------|--------------------------------|
| 1. | 11 th August 2011 |
| 2. | 15 th November 2011 |
| 3. | 13 th February 2012 |
| 4. | 15 th May 2012 |

| Name of Directors | No. of Board Meetings Attended | Attendance at last AGM | Remarks | No. of Other Committee Directorship | | No. of other Directorships |
|---------------------------------------|--------------------------------|------------------------|----------------------|-------------------------------------|--------|----------------------------|
| | | | | Chairman | Member | |
| Mr. Ashok B. Garware (Chairman) | 4 | Yes | Director-Promoter | 1 | 1 | 8 |
| Mr. Aditya A. Garware (Vice-Chairman) | 4 | Yes | Director-Promoter | - | 1 | 11 |
| Mr. V.V. Desai | 3 | Yes | Independent Director | - | - | 2 |
| Dr. B.M.Saraiya | 4 | Yes | Independent Director | - | - | - |
| Mr. Rajiv S.Khanna | 2 | Yes | Independent Director | - | - | - |
| Mr. S. V. Atre | 4 | Yes | Executive Director | - | - | 1 |

During the year under review, the Directors were paid Sitting fees of Rs. 6,000/- per meeting of the Board of Directors.

As stipulated under Clause 49 (I) (C) of the Listing Agreement, no Director is a Member of more than 10 Committees or a Chairman of more than 5 Committees across all the companies in which he is a Director.

(Note: Committees being Audit Committee and the Shareholders' Grievance Committee)

Details of the remuneration paid to Mr. S.V. Atre, Executive Director during the year under review is:

| Sr.No. | Particulars | Amount (Rs.) |
|--------|------------------------|------------------|
| 1. | Salary | 9,05,523 |
| 2. | Leave Travel Allowance | 58,000 |
| 3. | Medical Allowance | 58,000 |
| 4. | Bonus/Ex-gratia | 40,000 |
| | Total | 10,61,523 |

2. AUDIT COMMITTEE:

Composition:

The Audit Committee consists of 3 members' viz. Mr. Aditya A. Garware, Dr. B.M. Saraiya and Mr. V.V. Desai. Dr. B.M. Saraiya acts as a Chairman of the Committee. All three committee members are Non-Executive Directors.

The Company Secretary acts as a Secretary to the Committee.

Terms of Reference:

The Committee is involved in reviewing various matters including Audited/Un-audited Financial Results for the year/quarter ended of the Company, Investments made by the Company, Compliance with Listing Agreement, Management Discussion and Analysis Report, discussion / implementation of Accounting Standards and other requirements relating to Financial Statements, recommending the appointment and removal of Auditors, fixation of Audit Fees, etc.

Meetings:

Four Audit Committee Meetings were held during the Financial Year 2011-2012 as detailed herein below:

| Date of Audit Committee Meetings | Name of the Members of Audit Committee & Attendance | | |
|----------------------------------|---|-----------------------|----------------|
| | Dr. B.M. Saraiya (Chairman) | Mr. Aditya A. Garware | Mr. V.V. Desai |
| 11 th August 2011 | ✓ | ✓ | ✓ |
| 15 th November 2011 | ✓ | ✓ | ✓ |
| 13 th February 2012 | ✓ | ✓ | ✗ |
| 15 th May 2012 | ✓ | ✓ | ✓ |

3. SHARE TRANSFER COMMITTEE:

Composition:

The Share Transfer Cum Investor Grievance Committee consists of three (3) members' viz. Mr. Aditya A. Garware, Dr. B.M. Saraiya and Mr. S.V. Atre.

Meetings:

The Committee meets once a fortnight to approve, inter alia, transfer/transmission of shares, issue of duplicate shares and consolidation of shares. The Committee also reviews the status of investor grievances and the Company's redressal mechanism and recommends measures to improve the quality of services to investor.

The Company Secretary acts as a Compliance Officer.

Terms of Reference:

The Committee inter alia, approves issue of Duplicate Share Certificates and also reviews matters connected with transfer of Securities including redressal of Investors' /Shareholders' complaints related to non-receipt of declared dividend, transfer of shares, non-receipt of Annual Reports, non receipt of duplicate share certificates, etc.

49 complaints were received during the year. All of them were resolved and there were no pending complaints at the end of the year.

4. GENERAL BODY MEETINGS:

The details of date, time and location of Annual General Meetings (AGM) for last three years are as follows:

| Financial Year | Date | Time | Location |
|----------------|--------------------------------|-----------|---|
| 2010-11 | 29 th December 2011 | 9:30 A.M. | "Garware Sabhagriha", 5 th Floor, F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034 |
| 2009-10 | 30 th December 2010 | 9:30 A.M. | "Garware Sabhagriha", 5 th Floor, F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034 |
| 2008-09 | 29 th December 2009 | 9:30 A.M. | "Garware Sabhagriha", 5 th Floor, F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034 |

All resolutions including special business as set out in above Notices were passed by the Shareholders at the AGM.

Details of Special Resolutions passed during the last 3 Annual General Meetings:

| Financial Year | Items for Special Resolutions passed |
|-----------------------|---|
| 2010-11 | : No Special Resolution was passed |
| 2009-10 | : A Special Resolution was passed for re-appointment of and payment of Remuneration to Mr. S.V.Atre, Executive Director |
| 2008-09 | : No Special Resolution was passed |

Postal Ballot:

No Postal Ballots were used for voting at these meetings. Further there is no item on the agenda of the ensuing Annual General Meeting that needs approval by postal ballot.

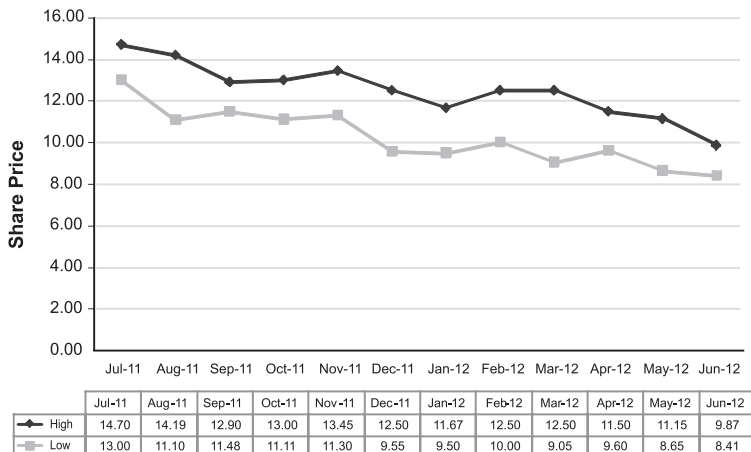
5. DISCLOSURE:

There were no related Party Transactions, which had potential conflict with the interest of the Company at large.

6. HIGH AND LOW OF THE SHARE PRICE ON THE BSE LIMITED FOR THE YEAR ENDED 30TH JUNE 2012:

| Month | BSE | |
|----------------|-------|-------|
| | HIGH | LOW |
| July 2011 | 14.70 | 13.00 |
| August 2011 | 14.19 | 11.10 |
| September 2011 | 12.90 | 11.48 |
| October 2011 | 13.00 | 11.11 |
| November 2011 | 13.45 | 11.30 |
| December 2011 | 12.50 | 9.55 |
| January 2012 | 11.67 | 9.50 |
| February 2012 | 12.50 | 10.00 |
| March 2012 | 12.50 | 9.05 |
| April 2012 | 11.50 | 9.60 |
| May 2012 | 11.15 | 8.65 |
| June 2012 | 9.87 | 8.41 |

BSE Share Price - High & Low



7. GENERAL SHAREHOLDER INFORMATION:

| | | |
|---|---|---|
| 34th Annual General Meeting: Date : Time : Venue : | 28 th December 2012, Friday 9:30 A.M. Garware Sabhagriha", F.P.H. Building, 5 th Floor, Lala Lajpatrai Marg, Haji Ali, Mumbai – 400034. | |
| Financial Year | The Company follows July-June as its financial year. The Un-audited result for every quarter is declared within 45 days from the last day of each quarter. | |
| | Financial Year | 1 st July 2012 to 30 th June 2013 |
| | Un-audited Financial Result for the 1 st Quarter Ending 30 th September 2012 | 9 th November 2012 |
| | Un-audited Financial Result for the 2 nd Quarter Ending 31 st December 2012 | Within 45 days from the last day of the quarter |
| | Un-audited Financial Result for the 3 rd Quarter Ending 31 st March 2013 | Within 45 days from the last day of the quarter |
| | Un-audited Financial Result for the 4 th Quarter Ending 30 th June 2013 | Within 45 days from the last day of the quarter |
| | Annual General Meeting for the Year Ending 30 th June 2013 | Before the end of December 2013 |
| Date of Book Closure/Record Date | For 2011-2012: Friday, 21 st December 2012, to Friday, 28 th December 2012, (both days inclusive) | |
| Dividend Payment Date | N.A. | |
| Listing on Stock Exchanges | The Company's shares are presently listed on the BSE Limited | |
| Stock Code | BSE Limited 509563 | |
| ISIN | INE 925D01014 | |
| Registrar and Transfer Agents | Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400 072 Tel : 022 – 2857 3108 / 2847 0652 / 2847 0652 Fax 022- 2847 5207 Email: bigshare@bom7.vsnl.net.in | |
| Auditors' Certificate on Corporate Governance | As required under the provisions of Clause 49 of the Listing Agreement, the Auditors' Certificate is given as an annexure to the Directors' Report | |
| Distribution of Shareholding & Category-wise distribution | Please Refer Annexure A | |
| Dematerialisation of shares and liquidity | As on 30 th September 2012, 81.85 % of total paid up Equity Capital has been dematerialised | |
| Publication of the Quarterly Un-audited Financial Results | English - Free Press Journal Marathi - Navshakti Website : www.garwaremarine.com | |



| | |
|-----------------------------------|---|
| GDRS / ADRS | Not Applicable |
| Address for Correspondence | Garware Marine Industries Limited 302, Swapnabhoomi, 'A' Wing, S.K.Bole Road, Dadar (W), MUMBAI – 400 028. Tel.No.22-24234000 Fax No.22-24362764 Email:garware.marine@gmail.com |
| Plant Location | E-9/10,MIDC Industrial Area Ahmednagar – 414 001 Maharashtra |

8. CODE OF CONDUCT:

Pursuant to Clause 49 of the Listing Agreement, the Company has prescribed and affirmed a Code of Conduct for the Board of Directors and Senior Management of the Company.

A Declaration duly signed by Vice Chairman and Executive Director is obtained by the Company.

9. CEO/CFO CERTIFICATION:

The Company has obtained from the Executive Director, a Certificate, Pursuant to Clause 49(V) of the Listing Agreement.

On Behalf of the Board

Sd/-

Date : 19th November 2012
Place : Mumbai

ASHOK B. GARWARE
Chairman

ANNEXURE "A"

THE DISTRIBUTION OF EQUITY SHAREHOLDING AS ON 30TH SEPTEMBER 2012 IS AS FOLLOWS:

| Share holding of Nominal Value of | | | Share Holder | | Share Amount | |
|-----------------------------------|-----|-----------|---------------|-------------------|-------------------|--------------------------|
| (Rs.) | (1) | (Rs.) | Number (2) | % to Total (3) | In Rs. (4) | % to Total Amount (5) |
| 1 | to | 500 | 9,694 | 93.37 | 1,22,67,440 | 21.27 |
| 5001 | to | 10000 | 390 | 3.76 | 31,00,230 | 5.38 |
| 10001 | to | 20000 | 134 | 1.29 | 19,47,610 | 3.38 |
| 20001 | to | 30000 | 48 | 0.46 | 11,88,120 | 2.06 |
| 30001 | to | 40000 | 18 | 0.17 | 6,52,420 | 1.13 |
| 40001 | to | 50000 | 22 | 0.21 | 10,18,820 | 1.77 |
| 50001 | to | 100000 | 22 | 0.21 | 17,10,760 | 2.97 |
| 100001 | to | 999999999 | 54 | 0.53 | 3,57,76,440 | 62.04 |
| TOTAL | | | 10,382 | 100.00 | 57,66,1840 | 100.00 |

SHAREHOLDING PATTERN AS ON 30TH SEPTEMBER 2012 IS AS FOLLOWS:

| Sl. No. | Category | No. of Shares Held | % of Total Paid up Capital |
|-----------|---|--------------------|----------------------------|
| A) | Promoters Holding | | |
| | · Individuals/HUFs | 11,03,288 | 19.14 |
| | · Bodies Corporates | 9,80,496 | 17.00 |
| | (Holding Co./Subsidiaries & Affiliates) | | |
| | · Foreign Promoters/Bodies Corporates | - | - |
| | Total – Promoter Holding | 20,83,784 | 36.14 |
| B) | Non-Promoters Holding | | |
| | 1. Institutional Investors : | | |
| | a. UTI/Mutual Fund | 100 | 0.00 |
| | b. Financial Institution/Banks | 325 | 0.00 |
| | c. State Government | - | - |
| | Sub Total | 425 | 0.00 |
| | 2. Foreign Holding : | - | - |
| | a. FII's | | |
| | b. NRIs | 13,418 | 0.23 |
| | Sub Total | 13,418 | 0.23 |
| | 3. Other Bodies Corporates | 4,63,374 | 8.04 |
| | 4. Indian Public | 3,073,143 | 53.30 |
| | 5. Others-Trusts | 1,32,040 | 2.29 |
| | Total – Non Promoter Holding | 36,82,400 | 63.86 |
| | Grand Total | 57,66,184 | 100.00 |

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To,
The Members,
Garware Marine Industries Limited

We have examined the compliance of the conditions of Corporate Governance by Garware Marine Industries Limited (the Company) for the year ended 30th June 2012 with the relevant Records and Documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor expression of opinion on the financial statement of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) have been complied with in all material respects by the Company.

Based on the certificate received from share transfer agent of the Company and the minutes of share transfer and shareholders grievance committee, we hereby state that no investor grievance is pending for the period exceeding one month.

For **RAMAN S. SHAH & ASSOCIATES**
 Chartered Accountants
 Sd/-
Santosh A. Sankhe
 Partner
 M.No.100976

Date : 19th November 2012
Place : Mumbai



AUDITORS' REPORT

TO THE MEMBERS OF M/S. GARWARE MARINE INDUSTRIES LTD.

1. We have audited the attached Balance Sheet of **M/S. GARWARE MARINE INDUSTRIES LIMITED** as at 30th JUNE, 2012 and also the Profit and Loss Account for the year ended on that date and Cash Flow statement annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :-
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and with the audited returns from the branches.
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors, as on 30th JUNE, 2012 and taken on record by the Board of Directors we report that none of the directors is disqualified as on 30th JUNE, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, and **subject to Note No.22(7) regarding to non-provision for diminution in the value of shares and amount recoverable from GARWARE NYLONS LTD.**, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th JUNE, 2012 and
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For RAMAN S. SHAH & ASSOCIATES

Chartered Accountants
Firm Reg. No. 119891W

SANTOSH A. SANKHE

Partner

M.No.100976

Place : Mumbai

Date : 19th November, 2012

ANNEXURE TO AUDITORS' REPORT

REFERRED TO IN PARAGRAPH OF OUR REPORT OF EVEN DATE

1. a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- b. In our opinion and according to the information & explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- 3 a. We are informed that the Company has not taken unsecured loans, from companies, listed in the register maintained under Section 301 of the Companies Act, 1956 on terms and conditions which are prejudicial to the interest of the Company.
- b. The Company has not granted any loan, secured or unsecured to companies, firms, other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods & services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- 5 a. In our opinion and according to the information and explanations given to us the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- b. According to the information and explanations given to us the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the period have been made at prices which are reasonable having regards to prevailing market prices at the relevant time in the opinion of the management.
- 6 The Company has not accepted any deposits from the public. Hence the requirements of clause (vi) of paragraph 4 of the Order is not applicable to the Company.
- 7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 The Central government has not prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in the year under review for any of the products of the Company.
- 9 According to the records of the Company, the Company is regular in depositing with appropriate authorities, any undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employee's State Insurance Scheme, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it.
- 10 The Company has accumulated losses of Rs. 13.57 lakhs and has not incurred any cash losses during the year covered by our audit or in the immediately preceding financial year.
- 11 In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of dues to financial institutions or bank or debentureholder .
- 12 In our opinion and according to the information & explanation given to us , no loan and advances have been granted by the Company on the basis of security by way of pledge of shares , debentures and other securities.
- 13 In our opinion, the Company is not a Chit fund, Nidhi or mutual benefit Society. Hence, the requirements of clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- 14 The Company is not dealing or trading in shares, securities, debentures and other investments. Hence the requirements of clause (xiv) of paragraph 4 of the Order is not applicable to the Company.
- 15 According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from the Banks.
- 16 In our opinion and according to the information and explanations given to us, the Company has not taken any term loans during the year from banks and therefore, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
- 17 According to the information and explanations given to us, no funds raised on short-term basis have been used for long-term investment. Similarly, no funds raised on long term basis have been used for short-term investment.
- 18 The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19 The Company has not issued any debentures. Hence the requirements of clause (xix) of paragraph 4 of the Order is not applicable to the Company.
- 20 The Company has not raised any money by way of public issues during the year,
- 21 In our opinion & according to the information and explanations given to us, a fraud on or by the Company has not been noticed or reported during the year.

For RAMAN S. SHAH & ASSOCIATES

Chartered Accountants

Firm Reg. No. 119891W

SANTOSH A. SANKHE

Partner

M.No.100976

Place : Mumbai

Date : 19th November, 2012



BALANCE SHEET AS AT 30TH JUNE, 2012

| Particulars | Note No. | As at 30th June, 2012 Rupees | As at 30th June, 2011 Rupees |
|----------------------------------|----------|------------------------------------|------------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share Capital | 2 | 5,76,61,840 | 5,76,61,840 |
| Reserves and Surplus | 3 | 4,05,05,350 | 3,82,04,687 |
| | | 9,81,67,190 | 9,58,66,527 |
| Non-current liabilities | | | |
| Long-term borrowings | 4 | 1,34,187 | 0 |
| Current liabilities | | | |
| Trade payables | 5 | 1,24,52,428 | 64,23,995 |
| Other current liabilities | 6 | 2,51,43,565 | 3,44,06,621 |
| Short Terms Provisions | 7 | 67,27,000 | 1,00,77,802 |
| | | 4,43,22,993 | 5,09,08,418 |
| TOTAL | | 14,26,24,370 | 14,67,74,945 |
| II. ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 8 | | |
| (i) Tangible assets | | 3,88,46,099 | 4,08,60,831 |
| (ii) Intangible assets | | 16,508 | 20,723 |
| | | 3,88,62,607 | 4,08,81,554 |
| Non-current investments | 9 | 90,21,867 | 90,21,867 |
| Current Assets | | | |
| Inventories | 11 | 2,86,20,145 | 2,43,28,773 |
| Trade receivables | 12 | 4,86,32,245 | 5,56,42,238 |
| Cash and cash equivalents | 13 | 22,36,009 | 26,31,927 |
| Short-term loans and advances | 14 | 1,43,59,577 | 1,33,76,666 |
| | | 9,38,47,976 | 9,59,79,604 |
| Deferred Tax Assets | 10 | 8,91,920 | 8,91,920 |
| TOTAL | | 14,26,24,370 | 14,67,74,945 |

See accompanying notes forming part of the financial statements 1 to 22

As per our Report of even date attached

For and on behalf of the Board

For Raman S. Shah & Associates

Chartered Accountants
Firm Reg. No. 119891W

Dr. B. M. Saraiya

Director

S. V. Atre

Executive Director

Santosh A. Sankhe

Partner
M. No. 100976

P. S. Nambiar
Company Secretary

Mumbai, 19th November, 2012

Mumbai, 19th November, 2012

PROFIT AND LOSS ACCOUNT STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2012

| Particulars | Note No. | Year Ended 30th June, 2012 Rupees | Year Ended 30th June, 2011 Rupees |
|--|-----------------|--|--|
| I Revenue from operations (Gross) | 15 | 11,09,91,876 | 10,92,24,595 |
| II Other Income | 16 | 34,65,539 | 45,01,698 |
| III Total Revenue (I+II) | | <u>11,44,57,415</u> | <u>11,37,26,293</u> |
| IV Expenses | | | |
| Cost of materials consumed | 17 | 6,31,07,326 | 5,68,67,739 |
| Purchases of stock in trade | | 1,25,50,459 | 86,37,784 |
| Change in inventories of finished goods and work in progress | 18 | (41,66,169) | 29,05,172 |
| Employee benefits expenses | 19 | 2,30,90,116 | 2,28,43,311 |
| Finance cost | 20 | 21,88,249 | 22,94,819 |
| Depreciation and amortisation expenses | | 37,47,144 | 41,99,345 |
| Other expenses | 21 | 1,16,39,628 | 1,13,82,598 |
| Total expenses | | <u>11,21,56,753</u> | <u>10,91,30,768</u> |
| V Profit before Exceptional item and tax (III-IV) | | 23,00,662 | 45,95,524 |
| VI Less : Tax expenses | | | |
| Current tax | | 0 | 3,85,000 |
| VII Profit for the year (V-VI) | | <u>23,00,662</u> | <u>42,10,524</u> |
| VIII Earnings per share | 22(10) | | |
| Basic Earning Per Share | | 0.40 | 0.73 |
| Diluted Earning Per Share | | 0.40 | 0.73 |

See accompanying notes forming part of the financial statements 1 to 22

As per our Report of even date attached

For and on behalf of the Board

For Raman S. Shah & Associates
Chartered Accountants
Firm Reg. No. 119891W

Dr. B. M. Saraiya
Director

S. V. Atre
Executive Director

Santosh A. Sankhe
Partner
M. No. 100976

P. S. Nambiar
Company Secretary

Mumbai, 19th November, 2012

Mumbai, 19th November, 2012



CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2012

| Particulars | Year Ended 30.06.2012 | | Year Ended 30.06.2011 | |
|---|-----------------------|--------------------|-----------------------|--------------------|
| | (Rupees) | | (Rupees) | |
| A. Cash Flow arising from Operating Activities : | | | | |
| Net profit before tax and extraordinary items | | 23,00,662 | | 45,95,524 |
| Add / (Less) back : | | | | |
| a) Depreciation charges | 37,47,144 | | 41,99,345 | |
| b) Interest charges | 21,88,249 | | 22,94,819 | |
| c) Profit on sale of Asset | 0 | | (5,65,783) | |
| d) Dividend Income | (23,78,150) | | (28,25,944) | |
| e) Interest Income | (69,826) | | (2,26,165) | |
| f) Taxes Paid | 0 | 34,87,418 | 82,710 | 29,58,982 |
| Operating Profit before working charges | | 57,88,080 | | 75,54,506 |
| Deduct / a) Increase / (Decrease) in Trade Payable | 60,28,434 | | (24,58,896) | |
| Add : b) Increase in Loans & Advances | (9,82,911) | 50,45,523 | 5,02,968 | (19,55,928) |
| | | 1,08,33,603 | | 55,98,577 |
| Add / | | | | |
| (Less): a) Decrease in Trade & Other Receivables | 70,09,992 | | 23,460 | |
| b) Decrease in Investment | 0 | | 20,000 | |
| c) Increase in Current Liability | (92,63,056) | | (1,23,23,542) | |
| d) Increase / Decrease in Inventories | (42,91,372) | (65,44,436) | 28,31,491 | (94,48,591) |
| Net cashflow from operating Activity | [A] | 42,89,168 | | (38,50,013) |
| B. Cash Flow arising from Investing Activities : | | | | |
| Outflow on account of investing activity | | | | |
| a) Acquisition of fixed assets (Incl. Capital WIP) | (17,28,197) | | (6,12,788) | |
| Inflow on account of investing activity | | | | |
| a) Sale of fixed assets | 0 | (17,28,197) | 7,30,769 | 1,17,981 |
| Net cashflow from investing Activity | [B] | (17,28,197) | | 1,17,981 |
| C. Cash Flow arising from Finance Activities : | | | | |
| Inflow on account of Financing activity | | | | |
| a) Interest Income | 69,826 | | 2,26,165 | |
| b) Dividend Income | 23,78,150 | 24,47,975 | 28,25,944 | 30,52,109 |
| Outflow on account of Financing activity | | | | |
| a) Repayment - Loans | 1,34,187 | | 0 | |
| b) Dividend with tax paid | (33,50,802) | | (33,61,938) | |
| c) Interest on loan paid | (21,88,249) | (54,04,864) | (22,94,819) | (56,56,757) |
| Net cashflow from financing Activity | [C] | (29,56,889) | | (26,04,648) |
| Net increase in cash / cash equivalent [A + B + C] | | (3,95,918) | | (63,36,681) |
| Add : Balance at the beginning of the year | | 26,31,927 | | 89,68,608 |
| Cash / Cash equivalents at the close of the year | | 22,36,009 | | 26,31,927 |
| Notes to cash flow : | | | | |
| (1) Components of cash flow : | | | | |
| Cash - On - Hand | | 76,229 | | 59,952 |
| Demand deposits with bank (Bank balances) | | 21,59,780 | | 25,71,975 |
| | | 22,36,009 | | 26,31,927 |

For and on behalf of the Board

Dr. B. M. Saraiya
Director

S. V. Atre
Executive Director

P. S. Nambiar
Company Secretary

Mumbai, 19th November, 2012

Auditors' Certificate

To,
The Board of Directors,
Garware Marine Industries Ltd., Mumbai - 400 028.

We have examined the attached cash flow statement of **Garware Marine Industries Ltd.** for the year ended 30th June, 2012. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the Listing Agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated **19th November, 2012** to the members of the Company.

As per our report attached

For RAMAN S. SHAH & ASSOCIATES

Chartered Accountants
Firm Reg. No. 119891W

Santosh A. Sankhe
Partner

M.No.:100976

Mumbai, 19th November, 2012

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012**NOTE NO. 1****Significant Accounting Policies****A. System of Accounting :**

The Company generally follows the accrual basis of accounting both as to Income and Expenditure except those with significant uncertainties. Financial Statements are based on Historical cost.

B. Depreciation :

- (i) On original cost of all fixed assets installed upto 30.09.1987 on straight line method at rates prescribed U/S 205(2) (B) of the Companies Act, 1956 read with the circular No.1/86 (No.1.1.86CLV) dated 21.05.1986 of the Department of Company affairs.
- (ii) On all Fixed assets installed after 30.09.1987 on straight line method at rates prescribed in schedule XIV of Companies Act, 1956.
- (iii) On Leasehold land on amortisation basis.

C. Fixed Assets :

All Fixed Assets are stated at cost less Depreciation.

D. Inventories :

Items of Inventories are valued on the basis given below :

| | |
|---|--|
| Raw Materials.... | At cost |
| Work - in - Process | At cost |
| Stores, Spare, Packing Material & Fuel | At cost |
| Finished Goods | At cost or Realisable value whichever is lower |

E. Investment :

Investments are stated at cost of acquisition. No provision for diminution of permanent nature has been provided on long term Investments.

F. Foreign Exchange Transactions :

Transactions are accounted on exchange rate prevailing on the date of Accounting of Transaction.

G. Staff Benefits :

The Company has it's own Gratuity Fund for the Employees to cover gratuity liability contribution and is also accounted in the year of payment. Leave encashment is also accounted on actual payment basis.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012

| NOTE : 2 Share Capital | As at 30th June 2012 | | As at 30th June 2011 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Number | Rupees | Number | Rupees |
| Authorised Capital | | | | |
| Equity Share Capital | | | | |
| Equity Shares of Rs. 10/- each | 99,00,000 | 9,90,00,000 | 99,00,000 | 9,90,00,000 |
| Preference Share Capital | | | | |
| 11% Cumulative Redeemable Preference Shares of Rs. 100/- each, Redeemable at par on the expiry of 15 years from the date of allotment but at the option of the Company at any time after 12 years from the date of allotment by giving 3 months previous notice | 10,000 | 10,00,000 | 10,000 | 10,00,000 |
| Total | 99,10,000 | 10,00,00,000 | 99,10,000 | 10,00,00,000 |
| Issued, Subscribed and Paid-up | | | | |
| Equity Share Capital | | | | |
| 57,66,184 (Previous year 57,66,184) Equity Shares of Rs.10/- each fully paid (Of the above 3,20,000 Equity Shares of Rs.10/- each were issued as fully paid Bonus Shares by capitalisation of General Reserve) | 57,66,184 | 5,76,61,840 | 57,66,184 | 5,76,61,840 |
| Total | 57,66,184 | 5,76,61,840 | 57,66,184 | 5,76,61,840 |

a) Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

| Particulars | Equity Shares | |
|--------------------------------------|------------------|--------------------|
| | Number | Rupees |
| Shares outstanding at 1st July 2011 | 57,66,184 | 5,76,61,840 |
| Shares Issued during the year | 0 | 0 |
| Shares bought back during the year | 0 | 0 |
| Shares outstanding at 30th June 2012 | 57,66,184 | 5,76,61,840 |

b) Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

| Name of Shareholder | As at 30th June 2012 | | As at 30th June 2011 | |
|---------------------|----------------------|---------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Ashok B. Garware | 7,74,320 | 13.43% | 7,60,612 | 13.19% |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012

| NOTE : 3 Reserve & Surplus | As at 30th June 2012 | As at 30th June 2011 |
|---|---------------------------|---------------------------|
| | Rupees | Rupees |
| a. Securities Premium Account | | |
| Opening Balance | 3,31,07,872 | 3,31,07,872 |
| (+) Securities premium credited on Share issue | <u>0</u> | <u>0</u> |
| Closing Balance | 3,31,07,872 | 3,31,07,872 |
| b. General Reserves | | |
| Opening Balance | 77,29,644 | 77,29,644 |
| (+) Current Year Transfer | 0 | 0 |
| (-) Written Back in Current Year | <u>0</u> | <u>0</u> |
| Closing Balance | 77,29,644 | 77,29,644 |
| c. Capital Redemption Reserve | 5,00,000 | 5,00,000 |
| d. Capital Reserve | 5,25,080 | 5,25,080 |
| e. Surplus in statement of Profit and Loss | | |
| Opening balance | (36,57,909) | (45,17,631) |
| (+) Net Profit for the Current Year | 23,00,662 | 42,10,524 |
| (-) Dividends | 0 | (28,83,092) |
| (-) Tax on Dividends | 0 | (4,67,710) |
| (-) Transfer to General Reserves | <u>0</u> | <u>0</u> |
| Closing Balance | (13,57,246) | (36,57,909) |
| Total | <u><u>4,05,05,350</u></u> | <u><u>3,82,04,687</u></u> |

| NOTE 4: Long Term Borrowings | As at 30th June 2012 | As at 30th June 2011 |
|----------------------------------|------------------------|----------------------|
| | Rupees | Rupees |
| Secured | | |
| (a) Term loans from Banks | | |
| Car Finance Loan | <u>1,34,187</u> | <u>0</u> |
| Total | <u><u>1,34,187</u></u> | <u><u>0</u></u> |

4.1 Car Finance Loan

Car Loan availed by the Company from ICICI Bank is secured against motor car against which the finance is availed.

4.2 Maturity Profile of Secured Loan are as set out below :

| Particulars | Within 1 year | 1-2 years | Beyond 2 years |
|--------------------------|---------------|-----------|----------------|
| ICICI Bank Auto Loan A/c | 1,32,961 | 1,34,187 | 0 |



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012

| NOTE 5 Trade Payables | As at 30th June 2012 | As at 30th June 2011 |
|-----------------------------------|----------------------|----------------------|
| | Rupees | Rupees |
| Micro, Small & Medium Enterprises | 0 | 0 |
| Others | 1,24,52,428 | 64,23,995 |
| Total | 1,24,52,428 | 64,23,995 |

5.1 As per the information available with the Company, there are no Micro and Medium Enterprises, as defined in the Micro small, Medium Enterprise Development Act 2006 to whom the Company owes on account of principal amount together with the interest and according no additional disclosures have been made.

| NOTE 6 Other Current Liabilities | As at 30th June 2012 | As at 30th June 2011 |
|--|----------------------|----------------------|
| | Rupees | Rupees |
| Current Maturities of Long Term Debts (refer note no. 4.2) | 1,32,961 | 0 |
| Unclaimed Dividends (To be credited to the Investor Education & Protection Fund as and when due) | 16,60,886 | 13,49,506 |
| Duties & Taxes Payables | 2,78,368 | 0 |
| Other Payables | 2,30,71,350 | 3,30,57,115 |
| Total | 2,51,43,565 | 3,44,06,621 |

| NOTE 7 Short Term Provisions | As at 30th June 2012 | As at 30th June 2011 |
|---------------------------------|----------------------|----------------------|
| | Rupees | Rupees |
| Provision for Taxation | 67,27,000 | 67,27,000 |
| Proposed Dividend | 0 | 28,83,092 |
| Tax on Dividend | 0 | 4,67,710 |
| Total | 67,27,000 | 1,00,77,802 |

NOTE : 8 Fixed Asset

Amount in Rupees

| Sr. No | Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|----------|--------------------------|---------------------|--------------------------|---------------------------|---------------------|--------------------|------------------|-------------------|--------------------|--------------------|--------------------|
| | | As at 01.07.2011 | Addition during the year | Deduction during the year | As at 30.06.2012 | As at 01.07.2011 | During the year | On Sale of Assets | As at 30.06.2012 | As at 30.06.2012 | As at 30.06.2011 |
| A | Tangible Assets | | | | | | | | | | |
| 1 | Land (Leasehold) | 5,68,191 | 0 | 0 | 5,68,191 | 1,83,678 | 5,966 | 0 | 1,89,644 | 3,78,547 | 3,84,513 |
| 2 | Building | 1,01,41,524 | 0 | 0 | 1,01,41,524 | 55,77,009 | 1,81,596 | 0 | 57,58,605 | 43,82,918 | 45,64,514 |
| 3 | Plant & Machinery | 11,37,78,600 | 12,25,657 | 0 | 11,50,04,257 | 7,82,05,080 | 33,85,507 | 0 | 8,15,90,587 | 3,34,13,670 | 3,55,73,520 |
| 4 | Furnitures & Fixtures | 11,83,553 | 0 | 0 | 11,83,553 | 11,11,356 | 15,300 | 0 | 11,26,656 | 56,896 | 72,196 |
| 5 | Office Equipment | 6,34,690 | 0 | 0 | 6,34,690 | 5,97,784 | 464 | 0 | 5,98,248 | 36,442 | 36,906 |
| 6 | Vehicles | 6,13,643 | 5,02,540 | 0 | 11,16,184 | 5,82,304 | 1,21,793 | 0 | 7,04,097 | 4,12,087 | 31,340 |
| 7 | Computer | 6,87,187 | 0 | 0 | 6,87,187 | 4,89,345 | 32,303 | 0 | 5,21,648 | 1,65,539 | 1,97,842 |
| | TOTAL | 12,76,07,388 | 17,28,197 | 0 | 12,93,35,585 | 8,67,46,557 | 37,42,929 | 0 | 9,04,89,486 | 3,88,46,099 | 4,08,60,831 |
| B | Intangible Assets | | | | | | | | | | |
| | Computer Software | 26,000 | 0 | 0 | 26,000 | 5,277 | 4,215 | 0 | 9,492 | 16,508 | 20,723 |
| | TOTAL | 26,000 | 0 | 0 | 26,000 | 5,277 | 4,215 | 0 | 9,492 | 16,508 | 20,723 |
| | Grand Total (A+B) | 12,76,33,388 | 17,28,197 | 0 | 12,93,61,585 | 8,67,51,834 | 37,47,144 | 0 | 9,04,98,978 | 3,88,62,607 | 4,08,81,554 |
| | Previous Year | 12,95,73,598 | 1,01,91,047 | 1,21,31,257 | 12,76,33,388 | 8,49,40,501 | 41,99,345 | 23,88,012 | 8,67,51,834 | 4,08,81,554 | |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012

| NOTE 9 Investments | | As at 30th June 2012 | As at 30th June 2011 |
|-------------------------------|---|-----------------------------|-----------------------------|
| | | Rupees | Rupees |
| | SHARES : | | |
| A | Quoted | | |
| | 14,85,760 (Previous year 14,85,760) Equity Shares of face value of Rs.10/- each fully paid of Global Offshore Services Ltd. | 81,82,886 | 81,82,886 |
| | (Market Value Rs.11,11,34,848/-, Previous Year Rs. 16,58,10,816/-) | | |
| B | Unquoted | | |
| | 42,550 (Previous Year 42,550) Equity Shares of Rs.10/- each fully paid of Garware Nylon Ltd. | 3,96,981 | 3,96,981 |
| | 3,000 Equity Shares of Rs.100/- each of Garware Goa Nets Ltd. (Formerly Known as Sainet Limited) | 4,17,000 | 4,17,000 |
| | 2,500 Equity Shares of Rs.10/- each of The Shamrao Vithal Co-operative Bank Ltd. | 25,000 | 25,000 |
| | Total | <u>90,21,867</u> | <u>90,21,867</u> |

| NOTE 10 Deferred tax Assets | | As at 30th June 2012 | As at 30th June 2011 |
|--|------------------------------------|-----------------------------|-----------------------------|
| | | Rupees | Rupees |
| | Related to Fixed Assets | 0 | 0 |
| | Dissallowance under Income Tax Act | 8,91,920 | 8,91,920 |
| | Total | <u>8,91,920</u> | <u>8,91,920</u> |

10.1 Provision for deferred tax assets and deferred tax liability are not provided as per AS-22 as the Company has unabsorbed losses.

| NOTE 11 Inventories | | As at 30th June 2012 | As at 30th June 2011 |
|--------------------------------|---|-----------------------------|-----------------------------|
| | | Rupees | Rupees |
| a. | Raw Materials (At Cost) | 0 | 0 |
| b. | Work in Process (At Cost) | 49,57,290 | 80,58,939 |
| c. | Finished goods including Traded Goods * *(At cost or realisable value whichever is lower as certified by a director) | 1,71,02,125 | 98,34,307 |
| d. | Stores, Spares, Packing Material & Fuel (At Cost) | 65,60,730 | 64,35,527 |
| | Total | <u>2,86,20,145</u> | <u>2,43,28,773</u> |

| NOTE 12 Trade Receivables (Unsecured, Considered Good) | | As at 30th June 2012 | As at 30th June 2011 |
|---|--|-----------------------------|-----------------------------|
| | | Rupees | Rupees |
| (a) | Debts outstanding for more than six months | 1,64,18,406 | 1,99,29,146 |
| (b) | Other Debts | 3,22,13,839 | 3,57,13,092 |
| | Total | <u>4,86,32,245</u> | <u>5,56,42,238</u> |



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012

| NOTE 13 Cash & Cash Equivalants | As at 30th June 2012 | As at 30th June 2011 |
|------------------------------------|----------------------|----------------------|
| | Rupees | Rupees |
| a. Balances with banks | | |
| Current Accounts | 4,33,150 | 3,63,554 |
| Unpaid Dividend Accounts | 16,60,886 | 13,49,506 |
| Margin Money | 65,744 | 8,58,915 |
| | 21,59,780 | 25,71,975 |
| b. Cash on hand | 76,229 | 59,952 |
| Total | 22,36,009 | 26,31,927 |

| NOTE 14 Short Term Loans and Advances (Unsecured, Considered Good) | As at 30th June 2012 | As at 30th June 2011 |
|--|----------------------|----------------------|
| | Rupees | Rupees |
| Advances recoverable in cash or in kind or for value to be received | 26,94,155 | 21,51,325 |
| Balance with Excise Authorities | 6,59,986 | 6,59,986 |
| Advance Tax and Tax Deducted at Source | 86,21,844 | 82,06,263 |
| Deposits | 23,83,593 | 23,59,093 |
| Total | 1,43,59,577 | 1,33,76,666 |

| NOTE 15 Revenue from Operations | Year Ended 30th June 2012 | Year Ended 30th June 2011 |
|------------------------------------|---------------------------|---------------------------|
| | Rupees | Rupees |
| Sales (Gross) | 9,27,85,088 | 9,15,42,138 |
| Other Operating Revenue | 1,82,06,788 | 1,76,82,457 |
| Total | 11,09,91,876 | 10,92,24,595 |

| NOTE 16 Other Income | Year Ended 30th June 2012 | Year Ended 30th June 2011 |
|--------------------------|---------------------------|---------------------------|
| | Rupees | Rupees |
| Interest Income (Gross) | 69,826 | 2,26,165 |
| Dividend Income | 23,78,150 | 28,25,944 |
| Profit on sale of Assets | 0 | 5,65,783 |
| Miscellaneous Income | 2,49,564 | 21,339 |
| Credit Balance w/off | 0 | 94,466 |
| Rent Received | 7,68,000 | 7,68,000 |
| Total | 34,65,539 | 45,01,698 |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012

| NOTE 17 Cost of Materials Consumed | Year Ended 30th June 2012 | Year Ended 30th June 2011 |
|---|----------------------------------|----------------------------------|
| | Rupees | Rupees |
| (a) Raw Materials Consumed | | |
| Opening Stock | 0 | 0 |
| Add: Purchases | 6,24,02,973 | 5,61,80,286 |
| Less: Closing Stock | 0 | 0 |
| | <u>6,24,02,973</u> | <u>5,61,80,286</u> |
| (b) Stores and Spares Consumed | | |
| Opening Stock of Stores & Spares | 64,35,527 | 63,61,846 |
| Add: Purchases | 8,29,555 | 7,61,133 |
| Less: Closing Stock | 65,60,730 | 64,35,527 |
| | <u>7,04,352</u> | <u>6,87,452</u> |
| Total | <u><u>6,31,07,326</u></u> | <u><u>5,68,67,739</u></u> |

| NOTE 18 Change in Inventories of finished goods and work in progress | Year Ended 30th June 2012 | Year Ended 30th June 2011 |
|---|----------------------------------|----------------------------------|
| | Rupees | Rupees |
| Opening Stock | | |
| Finished Goods (Including Traded Goods) | 98,34,307 | 9,16,892 |
| Semi-finished Goods | 80,58,939 | 1,98,81,526 |
| | <u>1,78,93,246</u> | <u>2,07,98,418</u> |
| Closing Stock | | |
| Finished Goods (Including Traded Goods) | 1,71,02,125 | 98,34,307 |
| Semi-finished Goods | 49,57,290 | 80,58,939 |
| | <u>2,20,59,415</u> | <u>1,78,93,246</u> |
| (Increase)/Decrease in inventories of finished goods and work in progress | <u><u>(41,66,169)</u></u> | <u><u>29,05,172</u></u> |

| NOTE 19 Employee Benefit Expenses | Year Ended 30th June 2012 | Year Ended 30th June 2011 |
|--|----------------------------------|----------------------------------|
| | Rupees | Rupees |
| (a) Salaries and incentives | 1,99,47,796 | 1,87,96,365 |
| (b) Contributions to - | | |
| (i) Provident fund (EMPLOYER) | 13,58,266 | 12,61,161 |
| (ii) EDLIS Contribution | 53,347 | 51,091 |
| (iii) P.F. / EDLIS Administrative Expenses | 1,25,570 | 1,16,630 |
| (iv) ESIC Contribution (EMPLOYER) | 31,220 | 30,893 |
| (v) Maharashtra Labour Welfare fund | 15,714 | 10,782 |
| (c) Gratuity fund contributions | 8,88,000 | 18,58,000 |
| (d) Staff welfare expenses | 6,70,203 | 7,18,389 |
| Total | <u><u>2,30,90,116</u></u> | <u><u>2,28,43,311</u></u> |

| NOTE 20 Finance Cost | Year Ended 30th June 2012 | Year Ended 30th June 2011 |
|---------------------------------------|----------------------------------|----------------------------------|
| | Rupees | Rupees |
| Interest expenses | 21,88,249 | 22,94,819 |
| Total | <u><u>21,88,249</u></u> | <u><u>22,94,819</u></u> |



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012

| NOTE 21 Other Expenses | Year Ended 30th June 2012 | Year Ended 30th June 2011 |
|--------------------------------|---------------------------|---------------------------|
| | Rupees | Rupees |
| Diesel Expenses | 9,31,670 | 7,91,432 |
| Electricity Expenses (Factory) | 27,66,191 | 25,73,106 |
| Fuel & Oil | 66,150 | 83,397 |
| Packing Materials | 1,72,322 | 1,09,685 |
| Rent | 3,30,000 | 7,62,000 |
| Transport Charges | 22,67,320 | 17,31,379 |
| Water Charges | 2,13,681 | 2,44,013 |
| Repairs & Maintenance | | |
| - Machinery & Electrical | 55,411 | 52,254 |
| - Others | 3,12,885 | 2,20,296 |
| Books & Periodicals | 11,615 | 2,487 |
| Conveyance Expenses | 2,41,830 | 1,89,705 |
| Insurance | 66,775 | 72,175 |
| Rates and Taxes | 1,152 | 3,749 |
| Auditors Remuneration | 1,25,000 | 1,25,000 |
| Legal & Professional Expenses | 6,38,915 | 3,29,563 |
| Printing & Stationery | 1,71,055 | 1,67,880 |
| Advertisement Expenses | 74,268 | 50,663 |
| Postage & Courier | 1,86,721 | 2,20,094 |
| Telephone Expenses | 1,80,751 | 2,02,354 |
| Travelling Expense | 3,15,984 | 3,01,668 |
| Electricity Charges (others) | 46,609 | 53,537 |
| Sales Promotion Expenses | 15,086 | 16,011 |
| Other Operating Expenses | 24,48,239 | 30,80,151 |
| Total | 1,16,39,628 | 1,13,82,598 |

Note 22 : Additional Information to financial statements

1 Contingent Liabilities in respect of :

Guarantees given by Bankers Rs. 0.36 Lacs. (Previous Year Rs. 0.36 Lacs)

2 Auditors Remuneration :

| Particulars | Year Ended 30.06.2012 | Year Ended 30.06.2011 |
|--------------------|-----------------------|-----------------------|
| (a) Audit Fees | 1,05,000 | 1,05,000 |
| (b) Tax Audit Fees | 20,000 | 20,000 |

3 Remuneration Paid/ Provided to Wholetime Directors :

| Particulars | Year Ended 30.06.2012 (In Rs. Lacs) | Year Ended 30.06.2011 (In Rs. Lacs) |
|---------------------------|--|--|
| (a) Salaries & Allowances | 10.62 | 9.63 |
| Total | 10.62 | 9.63 |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012

4 (a) Capacity and Production

| Particulars | Unit | Licenced Capacity | | Installed Capacity | | Actual Production | |
|----------------------------|------|---|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Year Ended 30.06.2012 | Year Ended 30.06.2011 | Year Ended 30.06.2012 | Year Ended 30.06.2011 | Year Ended 30.06.2012 | Year Ended 30.06.2011 |
| Nylon Fish Knitted Fabrics | M.T. | C.O.B. Licence for 256.000 Applied for | C.O.B. Licence for 256.000 Applied for | 256.000 | 256.000 | 242.971 | 286.246 |

Although the installed capacity has been indicated as above most of the machines being common for different constructions and mesh sizes of Nylon Fish Knitted Fabrics manufactured by the Company, the installed capacity thus may vary from time to time.

The figures of installed capacity are as certified by a Director and accepted by the Auditors.

(b) Stocks of Finished Goods :

| Particulars | Year Ended 30.06.2012 | | | | Year Ended 30.06.2011 | | | |
|----------------------------|-----------------------|------------------|---------------|--------------------|-----------------------|-----------------|---------------|------------------|
| | Opening Stock | | Closing Stock | | Opening Stock | | Closing Stock | |
| | Qty. M.T. | Value Rupees | Qty. M.T. | Value Rupees | Qty. M.T. | Value Rupees | Qty. M.T. | Value Rupees |
| Nylon Fish Knitted Fabrics | 22.685 | 74,86,087 | 41.863 | 1,48,61,432 | 1.323 | 3,57,334 | 22.685 | 74,86,087 |
| Total | | 74,86,087 | | 1,48,61,432 | | 3,57,334 | | 74,86,087 |

Transactions of Goods Traded during the year

| Particulars | Year Ended 30.06.2012 | | | | | | | |
|----------------------------|-----------------------|------------------|--------------|--------------------|--------------|--------------------|---------------|------------------|
| | Opening Stock | | Purchases | | Sales | | Closing Stock | |
| | Qty. M.T. | Value Rupees | Qty. M.T. | Value Rupees | Qty. M.T. | Value Rupees | Qty. M.T. | Value Rupees |
| Nylon Fish Knitted Fabrics | 7.031 | 23,48,220 | 37.115 | 1,23,70,020 | 37.644 | 1,24,77,547 | 6.502 | 22,40,693 |
| Nylon Yarn | 0 | 0 | 0.749 | 1,80,439 | 0.749 | 1,81,937 | 0 | 0 |
| Total | | 23,48,220 | | 1,25,50,459 | | 1,26,59,484 | | 22,40,693 |

(c) Sales

| Particulars | Year Ended 30.06.2012 | | Year Ended 30.06.2011 | |
|------------------------------------|-----------------------|--------------------|-----------------------|---------------------|
| | Qty. M.T. | Value Rupees | Qty. M.T. | Value Rupees |
| (i) Nylon Fish Knitted Fabrics | 227.757 | 7,97,06,419 | 264.885 | 8,37,15,657 |
| (ii) III rd Grade Fabrics | | 4,19,185 | | 7,64,283 |
| (iii) Income from other Operations | | 1,82,06,788 | | 1,76,82,457 |
| Total | | 9,83,32,392 | | 10,21,62,397 |



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012

(d) Raw Material Consumed

| Particulars | Year Ended 30.06.2012 | | Year Ended 30.06.2011 | |
|--------------|-----------------------|--------------------|-----------------------|--------------------|
| | Qty. M.T. | Value Rupees | Qty. M.T. | Value Rupees |
| Nylon Yarn | 233.336 | 6,24,02,973 | 244.426 | 5,61,80,286 |
| Total | | 6,24,02,973 | | 5,61,80,286 |

(e) Value of imported and indigenous raw material, stores & spares consumed and percentage of each to the total consumption :

| Particulars | Year Ended 30.06.2012 | | Year Ended 30.06.2011 | |
|----------------------|-----------------------|------------------------|-----------------------|------------------------|
| | Value Rupees | Percentage to Total | Value Rupees | Percentage to Total |
| (i) Raw Materials | | | | |
| Imported | 0 | 0% | 0 | 0% |
| Indigenous | 6,24,02,973 | 100% | 5,61,80,286 | 100% |
| Total | 6,24,02,973 | 100% | 5,61,80,286 | 100% |
| (ii) Stores & Spares | | | | |
| Imported | 0 | 0% | 0 | 0% |
| Indigenous | 7,04,352 | 100% | 6,87,452 | 100% |
| Total | 7,04,352 | 100% | 6,87,452 | 100% |

- In the opinion of the Board, current assets, loans and advances have a value of at least equal to the amounts shown in the Balance Sheet, if realized in the ordinary course of business. The provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary. There are no contingent liabilities other than those stated in Note No.22(1).
- Reconciliation of Sundry Debtors has been completed in part and the same has been reflected in the Accounts.
- Garware Nylons Limited has gone into liquidation and Bombay High Court has appointed Official Liquidator on 18th December, 1998. No provision for diminution in the value of investment of 42,550 equity shares and an amount of Rs 10,97,791/- recoverable from them is made in the accounts.
- The Company has certified that the Company does not have any related party as per the requirement of accounting standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.
- Segment Reporting**

| Particulars | Year Ended 30.06.2012 Rupees |
|---|---------------------------------|
| Revenue by Industry Segement | |
| Manufacturing | 9,62,50,627 |
| Repairs / Contracts | 1,82,06,788 |
| Total | 11,44,57,415 |
| Less : Inter-Segment Revenue | 0 |
| | <u>11,44,57,415</u> |
| Segment Profit / (Loss) before Interest, Depreciation and Tax | |
| Manufacturing | (56,83,982) |
| Repairs / Contracts | 1,39,20,037 |
| | <u>82,36,055</u> |
| Less : Interest | 21,88,249 |
| Depreciation | 37,47,144 |
| Profit before Tax | <u>23,00,662</u> |

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2012

Principal Segments

The Company's operations mainly relate to manufacture of Nylon Fish Knitted Fabrics and providing ship repair services. Accordingly, revenues segmental information set out above.

Segmental Capital Employed

Fixed Assets and Liabilities pertain to fishnet division of the Company. Accordingly, no disclosure relating to total segment assets and liabilities have been made.

10. Earning Per Share :

| Particulars | 30.06.2012 | 30.06.2011 |
|--|------------------|------------------|
| A Basic Earning Per Share : | | |
| Earning for Computing Earning Per Share : | | |
| Profit before Taxation | 23,00,662 | 45,95,524 |
| (Less) : Provision for Taxation | 0 | 3,85,000 |
| (A) | 23,00,662 | 42,10,524 |
| Weighted Average No. of Equity Share Capital : | | |
| Equity share at the beginning of the year | 57,66,184 | 57,66,184 |
| (+) Fresh issue during the year | 0 | 0 |
| (-) Redeemed/ Forfeited during the year | 0 | 0 |
| (B) | 57,66,184 | 57,66,184 |
| BASIC EARNING PER SHARE (A / B) | 0.40 | 0.73 |
| B Diluted Earning Per Share : | | |
| Diluted Earning for Computing Diluted Earning Per Share : | | |
| Profit before Taxation | 23,00,662 | 45,95,524 |
| (Less) : Provision for Taxation | 0 | 3,85,000 |
| (A) | 23,00,662 | 42,10,524 |
| Weighted Average No. of Equity Share Capital : | | |
| Equity share at the beginning of the year | 57,66,184 | 57,66,184 |
| (+) Fresh issue during the year (In weighted average for time) | 0 | 0 |
| (+) Potential No. of shares to be issued on conversion | 0 | 0 |
| (B) | 57,66,184 | 57,66,184 |
| DILUTED EARNING PER SHARE (A / B) | 0.40 | 0.73 |

Note : Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the Year.

11. The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statement. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have accordingly been regrouped / reclassified, to correspond with the current year's classification / disclosure.

As per our Report of even date attached

For and on behalf of the Board

For Raman S. Shah & Associates

Chartered Accountants
Firm Reg. No. 119891W

Dr. B. M. Saraiya

Director

S. V. Atre

Executive Director

Santosh A. Sankhe

Partner
M. No. 100976

P. S. Nambiar
Company Secretary

Mumbai, 19th November, 2012

Mumbai, 19th November, 2012



NOTES



ATTENDANCE SLIP

GARWARE MARINE INDUSTRIES LIMITED

Registered Office : 302, Swapnabhoomi, 'A' Wing, S. K. Bole Road, Dadar (W), Mumbai - 400 028

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE AUDITORIUM

Joint Shareholders may obtain additional slips at the entrance.

Form with fields: Regd. Folio No. / Client ID No., Name of the Member/Proxy, (in Block Letters), No. of Share(s) held.

I hereby record my/our presence at the 34th ANNUAL GENERAL MEETING at "Garware Sabhagriha", F.P.H. Building, 5th Floor, Lala Lajpatrai Marg, Mumbai 400 034 on Friday, 28th December 2012 at 9.30 a.m.

SIGNATURE OF THE MEMBER/PROXY



(TEAR HERE)



PROXY FORM

GARWARE MARINE INDUSTRIES LIMITED

Registered Office : 302, Swapnabhoomi, 'A' Wing, S. K. Bole Road, Dadar (W), Mumbai - 400 028

I/We of in the District of being a Member/Members of GARWARE MARINE INDUSTRIES LIMITED hereby appoint of in the District of or failing him/her of in the District of or failing him/her of in the District of

as my/our Proxy to attend and vote for me/us on my/our behalf at the 34th ANNUAL GENERAL MEETING of the Company to be held on Friday, 28th December 2012 at 9.30 a.m and at any adjournment thereof.

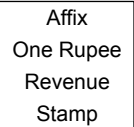
Signed this day of 2012

Regd. Folio No. / Client ID No. No. of Shares

Signed by the said

Note : The proxy form must be deposited at the Registered Office of the Company at 302, Swapnabhoomi, 'A' Wing, S. K. Bole Road, Dadar (W.), Mumbai - 400 028 not less than 48 hours before the time of holding the Meeting.

PROXY NO.



BOOK-POST

If undelivered please return to :

GARWARE MARINE INDUSTRIES LIMITED

302, Swapnabhoomi, 'A' Wing,
S. K. Bole Road, Dadar (West),
Mumbai - 400 028.